



PUBLIC DISCLOSURE

October 2, 2018

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

The Bank of Monroe

Union, West Virginia

**Federal Reserve Bank of Richmond
Richmond, Virginia**

This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the Federal financial supervisory agency concerning the safety and soundness of this financial institution.

PUBLIC DISCLOSURE

October 2, 2018

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Bank of Monroe

849432

39 Main Street

Union, West Virginia 24983

Federal Reserve Bank of Richmond

P. O. Box 27622

Richmond, Virginia 23261

NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the Federal financial supervisory agency concerning the safety and soundness of this financial institution.

TABLE OF CONTENTS

	Page
Institution's CRA Rating	2
Scope of Examination.....	2
Description of Institution.....	2
Description of Monroe County, WV Nonmetropolitan Statistical Area	3
Conclusions with Respect to Performance Criteria	5
Glossary	9

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

INSTITUTION'S CRA RATING: This institution is rated **Satisfactory**.

The major factors supporting this rating include:

- The bank's loan-to-deposit ratio is considered reasonable given its size, financial condition, and assessment area credit needs.
- A substantial majority of the institution's residential mortgage and small business loans were originated within the assessment area.
- Lending to borrowers of different income levels and to businesses of different sizes is reasonable overall when considering the various proxies for demand.
- The geographic distribution of loans reflects a reasonable dispersion throughout the assessment area.
- The institution has not received any complaints regarding its Community Reinvestment Act (CRA) performance since the previous evaluation.

SCOPE OF EXAMINATION

The institution was evaluated using the interagency evaluation procedures for a small bank developed by the Federal Financial Institutions Council (FFIEC). Bank of Monroe's (BOM) residential mortgage and small business loans were identified as significant product lines for the institution. Accordingly, all residential mortgage (56) and small business loans (76) originated by the bank between July 1, 2017, and December 31, 2017, were considered for the evaluation.

DESCRIPTION OF INSTITUTION

BOM is headquartered in Union, West Virginia, and operates three full-service branches in the southeast portion of West Virginia. The bank is a wholly-owned subsidiary of Union Bankshares, Inc., a single-bank holding company headquartered in Union, West Virginia; there are no other affiliates or subsidiaries. Since the previous evaluation, the bank opened a full-service branch location in Lewisburg, West Virginia, which did not impact its Monroe County, WV Nonmetropolitan Statistical Area (NonMSA) assessment area. The institution received a Satisfactory rating at the prior CRA evaluation dated August 25, 2014. No known legal impediments exist that would constrain the bank from meeting the credit needs of its assessment area.

As of June 30, 2018, the bank's assets totaled \$139.5 million, of which 54.5% were net loans. Deposits totaled \$119.7 million during this same period. Various deposits and loan products are available through the institution including residential mortgage, business, and consumer purpose loans. The composition of the loan portfolio (reflecting gross loans) is depicted in the following table.

Composition of Loan Portfolio

Loan Type	6/30/2018	
	\$(000s)	%
Secured by 1-4 Family dwellings	35,428	46.0
Multifamily	0	0.0
Construction and Development	1,241	1.6
Commercial & Industrial/ NonFarm NonResidential	31,255	40.6
Consumer Loans and Credit Cards	4,552	5.9
Agricultural Loans/ Farmland	4,560	5.9
All Other	26	0.0
Total	77,062	100.0

As indicated in the preceding table, the bank is an active residential mortgage and commercial/small business lender. Although the bank offers a variety of lending products other than residential mortgage and commercial/small business loans, such lending represents a smaller portion of overall lending activity. Due to the relative size and increased concentration compared to other loan products, residential mortgage and commercial/small business loan products were used for this evaluation.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN MONROE COUNTY, WV NONMSA ASSESSMENT AREA

BOM operates three full-service branches in the Monroe County, WV NonMSA assessment area. The bank's delineation includes all census tracts contained in Greenbrier County and Monroe County. Since the previous evaluation, the bank opened one full-service branch located in Greenbrier County, West Virginia, which did not impact its assessment area delineation.

As of June 30, 2018, BOM ranked 4th out of 8 financial institutions in local deposit market share according to data compiled by the Federal Deposit Insurance Corporation and held 14.6% of the assessment areas deposits (excluding credit union deposits).

According to 2015 ACS data, the assessment area has a population of 49,191 and a median housing value of \$104,013. The owner-occupancy rate for the assessment area (59.8%) is lower than the owner-occupancy rate for the State of West Virginia (60.8%) and the nonmetropolitan areas in West Virginia (60.3%). The percentage of families living below the poverty level in the assessment area (14.7%) is greater than the rate in the state (13.1%), but mirrors the nonmetropolitan areas of the state (14.7%). The 2017 HUD estimated median family income for the nonmetropolitan areas of West Virginia equals \$49,300. The following table includes pertinent demographic data for the assessment area in 2017.

Assessment Area Demographics

Monroe County, WV NonMSA <i>(Based on 2015 ACS Data and 2017 D&B Information)</i>								
Income Categories*	Tract Distribution		Families by Tract		Families < Poverty as a % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	2,960	21.1
Moderate	0	0.0	0	0.0	0	0.0	2,351	16.8
Middle	9	90.0	12,688	90.6	2,027	16.0	3,346	23.9
Upper	1	10.0	1,309	9.4	30	2.3	5,340	38.2
NA	0	0.0	0	0.0	0	0.0		
Total	10	100.0	13,997	100.0	2,057	14.7	13,997	100.0
	Owner Occupied Units by Tract		Households					
			HHs by Tract		HHs < Poverty by Tract		HHs by HH Income	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	4,802	22.7
Moderate	0	0.0	0	0.0	0	0.0	3,724	17.6
Middle	14,160	88.8	18,543	87.6	3,546	19.1	3,835	18.1
Upper	1,788	11.2	2,618	12.4	419	16.0	8,800	41.6
NA	0	0.0	0	0.0	0	0.0		
Total	15,948	100.0	21,161	100.0	3,965	18.7	21,161	100.0
	Total Businesses by Tract		Businesses by Tract and Revenue Size					
			Less than or = \$1 Million		Over \$1 Million		Revenue not Reported	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	0	0.0	0	0.0	0	0.0	0	0.0
Middle	867	67.1	761	66.8	77	65.8	29	82.9
Upper	425	32.9	379	33.2	40	34.2	6	17.1
NA	0	0.0	0	0.0	0	0.0	0	0.0
Total	1,292	100.0	1,140	100.0	117	100.0	35	100.0
Percentage of Total Businesses:				88.2		9.1		2.7

*NA-Tracts without household or family income as applicable

According to data published by the FFIEC in 2017, three of the nine middle-income census tracts within the assessment area have been designated as being underserved. Specifically, the three underserved middle-income tracts are located in Monroe County. Census tracts are designated as underserved when they are located in predominately rural areas that are distant from population centers and may lack access to certain services.

The assessment area is located in the southeast portion of West Virginia and large portions of Greenbrier County are national forest. Major employers include the Greenbrier Hotel Corporation, Greenbrier County Board of Education, Greenbrier Medical Center, Goodrich Corporation, Monroe County Board of Education, and the Federal Prison System.

Recent and historical unemployment rates since the previous evaluation are included in the following table.

Unemployment Rate Trend					
Geographic Area	October 2014	October 2015	October 2016	October 2017	August 2018
Greenbrier County	5.7%	5%	4.3%	4.2%	4.4%
Monroe County	4.9%	4.2%	3.9%	3.7%	4.1%
West Virginia	5.8%	5.7%	5.2%	4.6%	4.9%

As indicated by the data included in the preceding table, unemployment rates for the assessment area were consistent with the unemployment rates across the state, suggesting normal labor conditions within the assessment area.

An affordable housing organization was recently contacted during the evaluation to discuss local economic conditions and affordable housing needs. The contact identified slight pressure on the affordable housing supply in Greenbrier County and a limited demand for affordable housing in Monroe County. He further indicated there are opportunities for participation by local financial institutions to help address affordable housing needs across the state, but stated current demand for participation is limited in the assessment area. The contact stated community banks operating within the assessment area are meeting the credit needs of the community.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:

Residential mortgage and small business loans originated by BOM during July through December 2017 were fully analyzed and considered in the evaluation. When evaluating bank performance, relevant area demographic data from the American Community Survey (ACS) collected and published by the U.S. Census Bureau in 2015 is used as a proxy for loan demand. Dun & Bradstreet (D&B) business demographic data from 2017 is also considered when evaluating bank performance.

Aggregate Home Mortgage Disclosure Act (HMDA) data used as a proxy for the bank's mortgage lending includes all lending activity reported by lenders subject to reporting HMDA data that originated such loans within the bank's assessment area in 2017. As BOM is not subject to data collection and reporting for HMDA, its residential mortgage lending activity is not included in the HMDA loan aggregate data. Nevertheless, the aggregate data serves as a meaningful proxy for residential mortgage loan demand. Similarly, the aggregate small business lending data includes all lenders subject to reporting small business CRA data. As with HMDA data, BOM is not subject to data reporting for CRA and its small business lending activity is also not included in the small business loan aggregate data. Nonetheless, the aggregate data serves as a meaningful proxy for small business loan demand.

For the evaluation of the bank's borrower and geographic distribution performance for a given loan category, primary emphasis is placed on the number of loans originated. To form an overall conclusion of the bank's borrower and geographic distribution of lending activity, performance in each loan category is generally weighted by dollar volume of such loans. From July through December 2017, BOM originated \$6.7 million in residential mortgage loans and \$4.3 million in small business loans inside the assessment area. Accordingly, in instances where the bank's performance varies by product, residential mortgage lending generally receives greater weight when determining an overall conclusion.

Within BOM's assessment area, a high level of small business lending activity has been reported by specialized lenders, who often originate small business loans in the form of credit cards. Such loans tend to be much smaller in size than traditional small business bank loans, and a substantial majority of these loans do not have reported revenue data. The presence of these specialized lenders is reflected in a smaller market share for traditional lenders and tends to understate the percentage of aggregate lending to businesses with annual revenues of \$1 million or less. Consequently, the presence of these lenders was considered as an aspect of performance context when evaluating the level and distribution of bank lending. Therefore, to better measure performance, BOM's lending is compared to a group of traditional small business lenders exclusive of credit card/specialty lenders.

Loan-To-Deposit Ratio

The bank's loan-to-deposit ratio is considered reasonable given the bank's size, financial condition, and assessment area credit needs. To assess the adequacy of BOM's loan-to-deposit performance, one institution of similar asset size, branching structure, and headquarter location was selected for this evaluation. BOM's current (as of June 30, 2018) loan-to-deposit ratio is 63.6% and averaged 58% for the 16-quarter period ending June 30, 2018. The 16-quarter average for the peer institution operating in the bank's assessment area was 59.5% during the same period. Since June 30, 2014, bank assets, net loans, and deposits have grown by 17.8%, 21.9%, and 18.1%, respectively.

Lending In Assessment Area

To determine the institution's volume of lending within its assessment area, the geographic location of the bank's residential mortgage and small business loans originated by the bank between July 1, 2017, and December 31, 2017, were considered. The lending distribution inside and outside of the bank's assessment area is depicted in the following table.

Comparison of Credit Extended Inside and Outside of Assessment Area(s)

Loan Type	Inside				Outside			
	#	%	\$(000)	%	#	%	\$(000)	%
Residential Mortgage	50	89.3	6,742	93.0	6	10.7	505	7.0
Small Business	60	78.9	4,344	79.5	16	21.1	1,122	20.5
TOTAL LOANS	110	83.3	11,086	87.2	22	16.7	1,627	12.8

As indicated in the preceding table, a substantial majority of the total number (83.3%) and dollar amount (87.2%) of residential mortgage and small business loans were originated within the bank's assessment area. Overall, the institution's level of lending within its assessment area is considered highly responsive to community credit needs.

Lending to Borrowers of Different Incomes and To Businesses of Different Sizes

BOM's residential mortgage borrower distribution is considered reasonable, while small business lending is considered excellent. Overall, the bank's combined residential mortgage and small business lending revealed reasonable penetration among individuals of different incomes and businesses of different sizes, given the greater weighting applied to residential mortgage lending based on dollar volume.

Distribution of Mortgage Loans by Income Level of Borrower

Monroe County, WV NonMSA (2017)								
Income Categories	Bank				Aggregate			
	#	%	\$ (000s)	% \$	#	%	\$ (000s)	% \$
Mortgage Totals								
Low	6	12.0	385	5.7	40	5.0	2,303	2.1
Moderate	6	12.0	1,094	16.2	135	16.9	11,625	10.6
Middle	9	18.0	895	13.3	201	25.1	21,924	20.1
Upper	29	58.0	4,368	64.8	424	53.0	73,447	67.2
Total	50	100.0	6,742	100.0	800	100.0	109,299	100.0
Unknown	0		0		145		22,989	

Percentages (%) are calculated on all loans where incomes are known

The bank's overall residential mortgage borrower distribution is considered reasonable. Although BOM's lending to low-income borrowers (12%) lagged the percentage of low-income families within the assessment area (21.1%), it substantially exceeded the aggregate level of lending (5%) to such borrowers. On the other hand, the institution's lending to moderate-income borrowers (12%) lagged the percentage of moderate-income families within the assessment area (16.8%) as well as the aggregate level of lending (16.9%) to such borrowers.

Distribution of Lending by Loan Amount and Size of Business

Monroe County, WV NonMSA (2017)								
by Revenue	Bank				Aggregate*			
	#	%	\$ (000s)	% \$	#	%	\$ (000s)	% \$
\$1 Million or Less	58	96.7	4,027	92.7	252	45.8	11,623	44.7
Over \$1 Million	2	3.3	317	7.3	NA	NA	NA	NA
Unknown	0	0.0	0	0.0	NA	NA	NA	NA
by Loan Size								
	#	%	\$ (000s)	% \$	#	%	\$ (000s)	% \$
\$100,000 or less	48	80.0	1,708	39.3	505	91.8	9,574	36.8
\$100,001-\$250,000	9	15.0	1,265	29.1	24	4.4	4,479	17.2
\$250,001-\$1 Million	3	5.0	1,371	31.6	21	3.8	11,958	46.0
Total	60	100.0	4,344	100.0	550	100.0	26,011	100.0

* No data is available for Aggregate loans with Revenues over \$1 million and those with Unknown revenues

BOM's lending distribution to local businesses with annual revenues of \$1 million or less is considered excellent. D&B data from 2017 indicates that 88.2% of all local businesses generate annual revenues of \$1 million or less. According to aggregate small business data, 45.8% of reported loans were made to businesses with annual revenues of \$1 million or less. The remaining portion of aggregate business lending in the assessment area was made to businesses either with annual revenues exceeding \$1 million or to businesses with unknown annual revenues. As part of performance context, the aggregate lending data was also considered after excluding certain specialty lenders. Of the remaining small business loans originated by traditional bank lenders, 53.5% of reported small business loans were to businesses having revenues of \$1 million or less. BOM's lending to businesses within the assessment area generating annual revenues of \$1 million or less equaled 96.7%.

Geographic Distribution of Loans

BOM's geographic distribution performance is considered reasonable for both residential mortgage and small business lending. This assessment area does not contain any low- or moderate-income census tracts, and there are nine middle- and one upper-income census tracts within the assessment area. Consequently, the distribution of BOM's lending in middle- and upper-income census tracts was considered.

Distribution of Mortgage Loans by Income Level of Census Tract

Monroe County, WV NonMSA (2017)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
Mortgage Totals								
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	NA	NA	NA	NA	NA	NA	NA	NA
Middle	46	92.0	5,445	80.8	792	83.8	100,382	75.9
Upper	4	8.0	1,297	19.2	153	16.2	31,906	24.1
NA*	NA	NA	NA	NA	NA	NA	NA	NA
Total	50	100.0	6,742	100.0	945	100.0	132,288	100.0

NA*-Tracts without household or family income as applicable

The bank's residential mortgage geographic distribution is considered reasonable. BOM's residential mortgage lending in middle-income census tracts (92%) slightly exceeded the level of owner-occupied housing units located in middle-income census tracts (88.8%) and the aggregate level of lending (83.8%) in such tracts.

Distribution of Small Business Loans by Income Level of Census Tract

Monroe County, WV NonMSA (2017)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	NA	NA	NA	NA	NA	NA	NA	NA
Middle	53	88.3	3,389	78.0	385	73.5	16,869	67.1
Upper	7	11.7	955	22.0	139	26.5	8,283	32.9
NA*	NA	NA	NA	NA	NA	NA	NA	NA
Total	60	100.0	4,344	100.0	524	100.0	25,152	100.0

*NA-Tracts without household or family income as applicable

Loans where the geographic location is unknown are excluded from this table.

The institution's small business geographic distribution performance is considered reasonable. BOM's small business lending in middle-income census tracts (88.3%) exceeded the percentage of businesses located in middle-income census tracts (67.1%) and the aggregate level of lending (73.5%) in such tracts.

ASSESSMENT AREA DELINEATION

A review of the bank's assessment area found that its delineation complied with the requirements of Regulation BB. The assessment area delineation included all of the bank's branches and deposit taking automated teller machines. As delineated, the bank's assessment area included whole political subdivisions, did not reflect illegal discrimination (e.g. through the exclusion of majority-minority census tracts), and did not arbitrarily exclude low- or moderate-income census tracts.

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

No evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs was identified. Adequate policies, procedures, and training programs have been developed to support nondiscrimination in lending activities.

GLOSSARY

Aggregate lending: The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

Census tract: A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. Census tracts usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

Community development: All Agencies have adopted the following language. Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or, activities that revitalize or stabilize low- or moderate-income geographies.

Effective September 1, 2005, the Board of Governors of the Federal Reserve System, Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation have adopted the following additional language as part of the revitalize or stabilize definition of community development. Activities that revitalize or stabilize-

- (i) Low-or moderate-income geographies;
- (ii) Designated disaster areas; or
- (iii) Distressed or underserved nonmetropolitan middle-income geographies designated by the Board, Federal Deposit Insurance Corporation, and Office of the Comptroller of the Currency, based on-
 - (A) Rates of poverty, unemployment, and population loss; or
 - (B) Population size, density, and dispersion. Activities that revitalize and stabilize geographies designated based on population size, density, and dispersion if they help to meet essential community needs, including needs of low- and moderate-income individuals.

Consumer loan(s): A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into 'male householder' (a family with a male householder and no wife present) or 'female householder' (a family with a female householder and no husband present).

Full-scope review: Performance under the Lending Test (and if applicable, consideration of investments and services) is analyzed considering performance context, quantitative factors (for example, geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (for example, innovativeness, complexity, and responsiveness).

Geography: A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

Home Mortgage Disclosure Act (HMDA): The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applications, the amount of loan requested, and the disposition of the application (for example, approved, denied, and withdrawn).

Home mortgage loans: Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multifamily (five or more families) dwelling loans, loans for the purchase of manufactured homes and refinancings of home improvement and home purchase loans.

Household: Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

Limited-scope review: Performance under the Lending Test (and if applicable, consideration of investments and services) is analyzed using only quantitative factors (for example, geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

Low-income: Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent, in the case of a geography.

Market share: The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

Metropolitan area (MA): A metropolitan statistical area (MSA) or a metropolitan division (MD) as defined by the Office of Management and Budget. A MSA is a core area containing at least one urbanized area of 50,000 or more inhabitants, together with adjacent communities having a high degree of economic and social integration with that core. A MD is a division of a MSA based on specific criteria including commuting patterns. Only a MSA that has a population of at least 2.5 million may be divided into MDs.

Middle-income: Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent, in the case of a geography.

Moderate-income: Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent, in the case of a geography.

Multifamily: Refers to a residential structure that contains five or more units.

Other products: Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

Owner-occupied units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

Qualified investment: A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

Rated area: A rated area is a state or multistate metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multistate metropolitan area, the institution will receive a rating for the multistate metropolitan area.

Small loan(s) to business(es): A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (Call Report) and the Thrift Financial Reporting (TFR) instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans. However, thrift institutions may also exercise the option to report loans secured by nonfarm residential real estate as "small business loans" if the loans are reported on the TFR as nonmortgage, commercial loans.

Small loan(s) to farm(s): A loan included in 'loans to small farms' as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, or are classified as loans to finance agricultural production and other loans to farmers.

Upper-income: Individual income that is more than 120 percent of the area median income, or a median family income that is more than 120 percent, in the case of a geography.